

**Testimony of Lisa Patt-McDaniel  
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Department of Development**

**Before the House Government Reform  
Subcommittee on Federalism and the Census**

**May 24, 2005**

**On behalf of  
Council of State Community Development Agencies  
The National Community Development Association  
The National Association for County Community Economic Development  
The National Association of Local Housing Finance Agencies  
The National Association of Counties  
The National Association of Housing and Redevelopment Officials  
United States Conference of Mayors**

Good morning, Mr. Chairman, my name is Lisa Patt-McDaniel. I am the Assistant Deputy Director of the Community Development Division in the State of Ohio's Department of Development. The Community Development Division includes the Office of Housing and Community Partnerships, the Office of Community Services, and the Office of Energy Efficiency. These offices administer over \$300 million in federal and state funds, including CDBG, CSBG, HOME, LIHEAP and Emergency Shelter funds. I have been involved in developing outcome measures for Ohio community development and homeless programs, both federal and state funded, for the past 5 years.

I am here today to testify about Community Development Block Grant (CDBG) Outcome Measures before your Subcommittee on behalf of organizations that represent CDBG Grantees - cities, counties and states that administer the CDBG program. These organizations are the Council of State Community Development Agencies, the National Community Development Association, the National Association for County Community Economic Development, the National Association of Local Housing Finance Agencies, the National Association of Counties, the National Association of Housing and Redevelopment Association, and the National Council of State Housing Finance Agencies along with elected official organizations including the United States Conference of Mayors, National Association of Counties and non-profit organizations such as the Local Initiatives Support Corporation, the Enterprise Foundation.

On behalf of our organizations, we would like to thank you for your interest in the CDBG program. We look forward to working with this Subcommittee and the Subcommittee on Housing and Community Opportunity to address issues of concern about the CDBG program. We would also like to thank you for your leadership on other important community development issues, such as brownfields revitalization, planning and census issues and the Saving America's Cities Coalition.

### **JOINT GRANTEE/HUD/OMB CONSENSUS OUTCOME MEASURES**

You have received a copy of the Joint Grantee/HUD/OMB Consensus Document on Outcome Measures for the CDBG, HOME, HOPWA and ESG programs. I'd like to take this opportunity to explain to the Subcommittee how and why this document came about, the rationale behind the chosen outcomes and why we believe implementation of this outcome measurement system will benefit the CDBG program and its beneficiaries.

### **Innovative Joint Working Group**

First, I'd like to share with you some of the historical context of how we have arrived at this point, because it should be understood that the Joint Consensus Document is the result of a rigorous and deliberative effort undertaken by community development agencies and professionals from across the country. The Joint Consensus Document grew out of an Outcome Framework originally created by community development agency members of the Council of State Community Development Agencies (COSCDA). COSCDA has been providing training on outcome frameworks and promoting the use of

outcome measurement as an effective management tool to its members in various program areas, such as the HOME program, since 2000. In 2003, I was a founding member of a task force convened by COSCDA to address the issue of performance measurement in community development programming. We were assisted in our efforts by The Rensselaerville Institute, a nationally recognized expert in outcome framework thinking. Our goal was to develop common outcome measures that states could use in their programming that could also be reported to HUD and aggregated in useful way that would enable us to tell Congress and our constituents of the results and benefits of the CDBG program.

Grantee's Community Development Block Grant (CDBG) funds are distributed based on our Consolidated Plans, which are based on citizen input and the needs and priorities expressed by our communities/neighborhoods through the applications we receive from them. Depending on the size of the jurisdiction, there are several different kinds of projects and activities that are funded every year. But the key concept in outcome framework thinking is to "begin with the end in mind". Our key question became, why did we fund that project, what were we trying to achieve? When we looked at that one question, we found that while we may fund several kinds of projects and activities, at the heart of these activities, there are common outcomes that most communities are trying to achieve. We were able to distill those outcomes down to three - **Availability, Affordability and Sustainability**, which I will explain in greater detail below. To fine tune our framework, the COSCDA Task Force then tested these outcomes and actual output indicators on real projects already funded. Our goal was to create a system that would have common measures that could be used to report the benefits of the program nationally, while at the same time encouraging our members to establish additional measures specifically for their own programs and initiatives.

In FY04, OMB rated the CDBG program poorly due the lack of established outcome measures and reporting for the program. The grantee organizations that I am representing here disagreed with the criticisms of the CDBG program in the PART evaluation and sought to develop a system that would give us the evidence to document our claim the CDBG is both successful and effective. To that end we proposed to HUD and OMB that they join us in an innovative consensus building process that would utilize the COSCDA framework and develop common outcome measures that all grantees, cities, counties and states could use and report on to HUD. Our goal was to reach consensus on a common set of measures amongst all grantees at all levels of government and to answer the question, "in what way can we best demonstrate the results that Congress intended for the CDBG program have indeed been achieved"?

Over a period of 6 months, grantees, OMB staff and HUD staff met regularly to discuss and deliberate the merit of national outcome measures, and grappled with which measures would indeed be possible given the limitations and burdens of data collection at the sub-grantee or sub-recipient level. The Working Group established certain parameters regarding the outcome measurement system, including *simplicity and lack of duplicative reporting*. We decided that an effective system had to preserve program flexibility, capture multiple outcomes, and recognize that similar projects are funded for different

purposes. The Working Group agreed that implementation of any new system should not place unnecessary administrative burden on the providers at the local level, the non-profit housing development group or the small rural town with a part-time staff were not overly burdened with data collection at the expense of actually providing community development or affordable housing services.

For our new outcome measurement system, we purposefully developed outcomes and indicators for the four programs covered by the Consolidated Plan – CDBG, HOME, HOPWA and ESG – because these programs often represent an integrated approach to addressing a community's or states needs. We wanted something that would be useful and provide “value added” for HUD, OMB, Congress and our communities, but it had to be based on data that was readily available at the end of the project, and it had to be based on data that could be easily “rolled up” or aggregated at the national level in order to show the programs’ true results.

In addition, the Working Group carefully considered several questions raised by OMB regarding the national impact of these programs. The Group, including OMB, concluded that an outcome system alone cannot answer certain questions of national impact, but it can supply the data for it, and therefore recommended that these questions be addressed instead by research studies specifically designed to ascertain those impacts.

Mr. Chairman, I am pleased to report that our Working Group succeeded. We found that indeed grantees at all levels of government do have common outcomes that we seek to achieve in our funding decisions and priorities, and as you will see, these outcomes, decisions and priorities are all clearly linked to the authorizing statute. To us, this means the program is working as Congress intended it to. HUD already reports several output indicators achieved by the CDBG program to Congress that are related to the statute, you have heard that testimony today about the numbers of households served, jobs created and housing units assisted. But the outcome measurement system is a way to understand how these outputs benefit the community or low income people participating in these projects and activities. These outcomes are not being captured in a systematic way in the reporting grantees are currently doing for HUD.

### **Consensus Outcome Framework**

The Outcome Measurement System has three overarching objectives, three Outcome Categories and 17 output indicators. The three objectives are Creating a Suitable Living Environment, Providing Decent Affordable Housing and Creating Economic Opportunities, which are taken directly from the CDBG statute but also are completely applicable to the three other programs (HOME, ESG and HOPWA) covered by the outcome measurement system. In general, the objective of Suitable Living Environment relates to activities that are designed to benefit communities or groups of families by addressing issues in their living environment. The objective of Decent Affordable Housing would include activities that typically cover the wide range of housing assistance that is possible under HOME, CDBG, HOPWA or ESG. It focuses on housing programs where the purpose of the program is to meet individual family or community

needs and not programs where housing is an element of a larger effort (that would be captured above under Suitable Living Environment). The objective of Creating Economic Opportunities applies to the types of activities related to economic development, commercial revitalization or job creation.

- **Availability/Accessibility**

This outcome category applies to activities which make services; infrastructure; housing, and/or shelter available or accessible to low income people. In this category accessibility is not limited to physical barriers, but also to making the basics of daily living available and accessible to low and moderate income people where they live. A key obstacle for low and moderate income people is that basic community services and facilities are not available or accessible to them.

Therefore, a key outcome of community development programming is when we make such community services available or accessible to low and moderate income people that would otherwise are not be available to them. In rural areas, it is often clean water or sewer lines, in urban areas it might be an economic development project, and in many instances it is neighborhood revitalization or infrastructure. In these types of outcomes, it is clear that without intervention funded by CDBG (or HOME, HOPWA or ESG) the community facility or service could not be made available to the target population.

- **Affordability**

This outcome category applies to activities which provide affordability of a tangible service or product in a variety of ways to low and moderate income persons. Sometimes the outcome a grantee is seeking is to make an available community service more affordable to the low and moderate income people where they live. For example, there may be decent housing in a neighborhood, but it is not affordable to low and moderate income families. There are also other community services that are available but not affordable to the low income people that live in a particular community, such as affordable sewer hook-ups, child care for back to work mothers, job training, work transportation and others

- **Sustainability: Promoting Livable or Viable Communities**

Sustainability is the other outcome that has emerged as a common result of CDBG and the other programs. This outcome applies to projects where the activity or activities are aimed at improving a neighborhood by helping to make it livable for principally low and moderate income people, often times through multiple activities, or by providing a particular service that can sustain a section of the community.

There is a Flow Chart or Matrix on the screen that shows the way in which the outcomes of many of the activities of these four core community development

programs can be reported. I am going to walk through three brief examples of actual projects funded by my Department for illustrative purposes.

In a project we funded in FY 04, we sought to create a suitable living environment through new access to clean water by extending 10,500 linear feet of water line to 71 households, 42 of which are low and moderate income. In this activity, the outcome we purposefully sought was **accessibility** for these households in Allen County.

We created economic opportunity by providing access to 20 new high wage jobs as a result of a low interest loan funded by CDBG to Liberty Castings, an iron foundry, for the purchase of new machinery and equipment. In this project, we sought **access** to high paying jobs as the outcome we wanted to help further our objective of creating economic opportunity. Finally, we created decent affordable housing for 20 low and moderate income households by affordably rehabilitating 20 owner - occupied houses in Lorain County. In this project, **affordability** was the outcome needed, as these households could not afford to rehabilitate those houses, and the decent housing stock in that place is also improved, which is a benefit to that community as well.

### **How Will This Outcome Measurement System help The CDBG Program?**

We believe that when this outcome measurement system is implemented we will begin to be able to tell Congress and OMB more about the benefits of CDBG and the other Consolidated Plan programs. We now have a common set of program outcomes that allow us to specifically report achievement that relates directly to statutory intent of the programs. Aggregating the results by outcomes can help federal policy makers assess whether the statutory intent of the program is being met. The system can be an important management tool at both the grantee and federal level. If we all agree that achieving these outcomes will improve communities, and it appears that we do, we now have a common framework within which to assess our progress and results, at the local, state and federal levels.

The outcomes in the Joint Document represent the consensus of the grantee organizations, HUD and OMB. We recognize that there are other indicators and outcome that could be added that address the statutory purposes of the programs, but these outcomes were determined to be the most common and least burdensome for local community groups and small towns to implement. As with any system, it will evolve over time but we feel that this is a good place to start. And, certainly our organizations and HUD can and should encourage grantees to develop specific outcomes and indicators for their own local initiatives.

The President's Management Agenda calls for improved accountability of all federal programs. This outcome measurement system will help CDBG provide the information that demonstrates its accountability. As stated earlier, OMB fully participated in the development of these outcomes and concurred with the consensus reached on them, which indicates that their review and score of the CDBG program in their Performance Assessment Rating Tool (PART) will improve with these measures in place.

We are all confident that once this system has been fully implemented, the results achieved through the CDBG program will be more demonstrable and that this will be reflected in any future reviews of the program. Consider that during a September 2004 HUD event celebrating CDBG's 30<sup>th</sup> Anniversary, an OMB program examiner said, "We've seen a lot of improvement, just in the last year or so. HUD staff and others have really taken to heart the need for outcome measurement. According to the official, if [OMB] had to re-rate the [CDBG] program today, it would definitely get a higher [PART] score just based on the work that HUD has done."

All of the grantee associations involved in the development of the outcome measurement system have briefed their members and obtained their input on the consensus measures.

HUD has begun implementation of the new measures by seeking official public comment from grantees and other stakeholder groups. It is my understanding that this Subcommittee is charged with addressing issues of government accountability. In that role, we would urge that in any report generated by this Subcommittee about CDBG that you recommend that this outcome measurement system be implemented as soon as possible.

## **REPORTING**

One of the key parameters established by the Working Group was to ensure that the indicators we selected to represent the outcomes were data that was easily obtainable and easy to report. Until now, reporting and capturing many of the achievements of the CDBG program and the others included in the Consolidated Plan have been greatly hampered by HUD's IDIS system. In the Consolidated Annual Performance and Evaluation Report (CAPER), a part of the required Consolidated Plan, citizens are informed about the results of the program's expenditures in a narrative format, but the current IDIS system does not allow this kind of reporting. You have heard today about the ongoing efforts to improve HUD's IDIS system, which we wholeheartedly support. It would seem now is the most appropriate time to include reporting on qualitative results of the program, which is not really possible under the current system. We ask that Congress ensure that sufficient funding is available to modernize the IDIS system so that this new kind of reporting can be implemented with minimal burden to grantees.

## **PLANNING AND PRIORITIZING THE USE OF CDBG FUNDING**

Outcome Measurement for the CDBG program will also shape how CDBG funds are spent, both in what kinds of activities are selected to be funded and how those decisions are made. CDBG is a program that was designed to help many different kinds of communities- those that are growing, those that are fighting off decay and those that are already deteriorated. The current CDBG statute authorizes a menu of eligible activities that recognizes the differences in the types of communities to be served by the program and provides communities with appropriate tools to address their unique problems.

The original list of eligible activities was enacted to enable communities to meet the statutory purposes of the program. While those statutory purposes have not changed, and over the years whenever new community problems have emerged, such as brownfields, energy efficiency, economic opportunity, Congress has added eligible activities to help communities address these issues. Certainly not every community eligible for CDBG needs assistance with those issues, but again, this approach recognizes that a broad menu of activities must be available in order for communities to address their community development needs.

CDBG typically plays two vital roles, it becomes the funding that is “first- in” and is the catalyst for other public or private funding, such as the acquisition of a deteriorated multifamily housing complex or it is often the funding of last resort, when a community development effort will not succeed without CDBG funding, because it is that funding that makes a community facility or service available or affordable to low income people.

For example, a community may use CDBG funds to help build a community center. At that community center, there is a job training program that is paid for by the Dept. of Labor. After they graduate from the program, the residents can get jobs but they have no transportation to the plant 30 miles away. The county may also provide CDBG funds to pay for a van so those residents can get to those jobs until they can afford to pay for their own transportation. There may or may not be funds available from other sources to pay for the transportation, so the county made sure that the community development effort was a success by providing the transportation.

Frankly, money that makes the project happen must be available from a broad menu of eligible activities. The CDBG program is an inherently flexible program, designed that way by Congress because of the complex and varying natures of our nation’s communities. We believe Congress got it right – we need the flexibility of eligible activities we have to address our communities’ problems, achieve the outcomes described above and meet the statutory intent of the program. While that flexibility sometimes makes it difficult to measure the effectiveness of the activities, it can be done and we are confident that the proposed outcome measurement system will make that possible. The current process for decision making and establishing priorities for expenditure of CDBG funds is a solid one, established by the statutes governing the CDBG program as well as the Consolidated Plan.

Now that we have ten years of experience with the Plan, HUD has embarked on a Consolidated Plan Improvement Initiative to help streamline the Plan. For example, HUD has already streamlined the entitlement Plan submissions with an electronic template and COSCDA is working with HUD now to revise the format for the State Plan submissions.

There is ample opportunity for citizen input in the Consolidated Plan, but again, after 10 years of experience, we may find that there are some ways that citizen input can be obtained that are more innovative and useful than others, and there may be some models that are more successful than others. If Congress is interested in addressing this issue, it



should direct HUD to find ways to train local governments on best practices on community planning and citizen involvement in that kind of planning.

After hearing from citizens, the decisions state and local governments make are not always popular but there are often hard decisions that must be made with scarce resources. The outcome measurement system we are recommending can help improve the citizen input and public participation process. By establishing measurable outcomes communities can facilitate meaningful dialogue with their citizens about the best use of funds.

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